Treasury Inspector General for Tax Administration

VITAL DECISIONS MUST BE MADE TO ENSURE SUCCESSFUL IMPLEMENTATION OF CUSTOMER ACCOUNT DATA ENGINE CAPABILITIES

Issued on July 13, 2007

Highlights

Highlights of Report Number: 2007-20-080 to the Internal Revenue Service Chief Information Officer.

IMPACT ON TAXPAYERS

The Customer Account Data Engine (CADE) will provide the foundation for managing taxpayer accounts to achieve the Internal Revenue Service (IRS) modernization vision. It consists of databases and related applications that will replace the IRS' official repository of taxpayer information (the Master File). The Information Technology Modernization Vision and Strategy plans for a phased replacement of IRS computer systems to better support today's tax laws, policies, and taxpayer needs. The CADE is helping the IRS realize this Strategy.

WHY TIGTA DID THE AUDIT

This audit was initiated as part of the Treasury Inspector General for Tax Administration's Fiscal Year 2006 audit plan for reviews of the IRS' Business Systems Modernization efforts. The overall objectives of this review were to review current CADE Release 2 activities for potential issues affecting the delivery of new capabilities planned for the 2007 Filing Season and reassess long-term CADE Project (hereafter referred to as the Project) goals and objectives in light of the growing complexity and enormity of the Project's tasks.

WHAT TIGTA FOUND

A pattern of deferring Project requirements to later releases and missing release deployment dates has continued from the Project's beginning. Allowing this pattern to continue will undermine the long-term success of the Project. The IRS and the PRIME contractor have deferred Project requirements and missed target dates because they agreed to an unrealistic scope of work, did not follow the Enterprise Life Cycle Preliminary Design Phase guidelines, and did not assign adequate PRIME contractor staffing.

In addition, the approach taken to implement the CADE's architectural design will not support the Project's long-term goals and objectives. While the CADE is being phased in over multiple years and processing increasingly more complex tax returns, the IRS has not completed addressing (1) the need to include a database that stores historical account data, (2) essential processing requirements deferred since Release 1 (first planned for implementation in January 2002), and (3) a process to improve the efficiency of the daily processing cycle.

WHAT TIGTA RECOMMENDED

TIGTA recommended the Chief Information Officer ensure the IRS negotiates a reasonable scope of work for future CADE release development that considers the amount and difficulty of the work and the filing season time constraints. This would include ensuring the scope of work includes adequate staffing plans and ensuring the PRIME contractor and Project team follow Enterprise Life Cycle guidance in meeting Preliminary Design Phase criteria for each release and major release segment. In planning future release activity, the Chief Information Officer should limit delivery to essential capabilities and filing season updates and consider postponing new capabilities until key business decisions are made and previously deferred essential requirements are implemented. Finally, the Chief Information Officer should partner with the Wage and Investment Division Business Modernization Office to jointly review alternative design solutions and identify process improvements for the Project. Alternative design solutions need to be explored to ensure the CADE can operate as efficiently and effectively as possible.

In response to the report, the Chief Information Officer agreed with the recommendations. Planned corrective actions include a new process for gathering requirements early in the process by partnering with the Business Rules and Requirements Management Program Office. Since April 2007, CADE release managers review and analyze staff resources listed by the PRIME contractor weekly to ensure adequate contractor support is provided. Enterprise Life Cycle guidelines for performing Customer Technical Reviews and Life Cycle Stage Reviews are being accomplished through a tailoring plan. Management stated that tailoring plans will be used for each subsequent CADE release and major release segment. Contracting and development activities are in process to implement previously deferred requirements. Further, the Chief Information Officer is actively engaged and continues to ensure the CADE Program Office and the Wage and Investment Division Business Modernization Office jointly review design solutions and identify process improvements.

READ THE FULL REPORT

To view the report, including the scope, methodology, and full IRS response, go to:

http://www.treas.gov/tigta/auditreports/2007reports/200720080fr.pdf

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